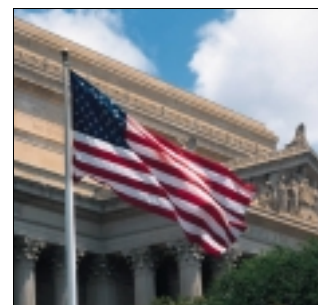


DISABLED VETERAN BUSINESS ENTERPRISE Annual Report

State of California. Department of General Services. Office of Small Business Certification & Resources

1998/99



AN ANNUAL REPORT
ON THE PARTICIPATION OF DISABLED VETERAN BUSINESS ENTER-
PRISES
IN STATE CONTRACTING
DEPARTMENT OF GENERAL SERVICES

SUBMITTED BY
THE OFFICE OF SMALL BUSINESS CERTIFICATION AND RESOURCES
PURSUANT TO MILITARY AND VETERANS CODE 999.7

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What is THE DVBE PARTICIPATION PROGRAM?

The State of California acknowledges the service and sacrifice of its disabled veterans, in part, through the "Disabled Veteran Business Enterprise (DVBE) Participation Program."

Established in 1989, the DVBE Participation Program created a goal for state agencies to award at least 3 percent of their annual contract dollars to certified DVBEs.

The law allows state agencies to manage their DVBE participation in individual contracts, as long as the overall dollar amount awarded to DVBEs is at least 3 percent annually.

The Office of Small Business Certification and Resources (OSBCR), under the direction of the Department of General Services (DGS) administers and markets the DVBE Participation Program on behalf of the state.

California's Public Contract Code states, in part, ". . . it is the declared policy of the state to aid the interests of . . . disabled veteran business enterprises in order to preserve reasonable and just prices and a free competitive enterprise, to ensure that a fair proportion of the total number of contracts or subcontracts for commodities, supplies, technology, property, and services are awarded to . . . disabled veteran business enterprises, and to maintain and strengthen the overall economy of the state." (10115.1)

Under the direction of the Department of General Services, the Office of Small Business Certification and Resources (OSBCR), plays a significant role in implementing both Public Contract and Military and Veterans Codes as they relate to Disabled Veteran Business Enterprises. In fact, everything OSBCR does helps to increase participation in state contracting, particularly participation by traditionally under-represented groups like small and disabled veteran businesses.

WHAT IS A DVBE?

The law defines a disabled veteran as a United States military, naval or air service veteran with a service related disability of at least 10 percent and who is a resident of the State of California. To participate in the state's DVBE Participation Program, a qualified firm must first be certified.

A *certified* DVBE is a business currently certified by the State of California, Office of Small Business Certification and Resources.

To receive DVBE certification, a business must:

- 1) Be at least 51 percent owned by one or more disabled veterans;
- 2) Have its daily business operations managed and controlled by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans who own the business; and
- 3) Have its home office located in the United States. The home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.

MEETING DVBE PARTICIPATION GOALS

When a firm bids on a state

contract that contains a DVBE participation goal, the bid must address how the firm intends to meet the DVBE goal. If the bidding firm does not address the DVBE participation goal, the bid is considered “non-responsive.”

Firms have two options for meeting a DVBE participation goal:

1. Locate and commit to certified DVBE firms who will perform at least 3 percent, or the percent of work specified by the contract; or
2. Reference an approved DVBE Utilization Plan.

A DVBE Utilization Plan is a firm’s written commitment to contract with certified DVBEs for at least 3 percent of its anticipated cost of doing business over the next year. This 3 percent applies to all business done by the firm—not just contracts with the State of California. State agencies accept approved utilization plans when awarding contracts for commodities and information technology goods and services.

THE “GOOD FAITH EFFORT”

Some contracts are so specialized that it is difficult to find a DVBE to fill the required participation goal. For these special circumstances the state has created a method whereby bidders go through a series of prescribed steps, all of which are designed to help the bidder locate a DVBE. This process is referred to as a “Good Faith Effort.”

If the bidder does not locate a DVBE after performing these steps, it serves to demonstrate to the awarding agency that a credible effort was made and the bidder was responsive to participation program requirements.

The Good Faith Effort consists of five, legally defined steps. Each step is intended to help bidders identify qualified DVBEs and attain DVBE participation.

In summary, the five steps of the Good Faith Effort are:

1. Contact the awarding department to identify DVBEs.
2. Contact other state and federal agencies, and local DVBE organizations to

identify DVBEs.

3. Publish advertisements in trade papers and papers focusing on DVBEs.
4. Invite potential DVBE contractors to bid.
5. Consider interested DVBEs.

The Department of General Services works hard to insure that California’s disabled veteran businesses have access to the information they need to become certi-

Encouraging DVBE PARTICIPATION STATEWIDE

fied and to participate in the state's contracting opportunities.

We do this by educating disabled veteran businesses about bidding opportunities and by educating the state contracting community to insure they know how to find and integrate DVBEs into their contracts.

The highlights of the Department's DVBE outreach include:

- On-going enhancement of the OSBCR web page where users can . . .
 - . . . download the application for DVBE certification, as well as other helpful publications
 - . . . do a database query to find certi-

fied DVBEs

. . . and much more

We invite readers to visit the OSBCR webpage and find out for themselves how useful it is:

www.dgs.ca.gov/osbcr

- The OSBCR publishes the *State Contracting Resource Packet*, a comprehensive guide designed to help prime bidders locate DVBEs. The Resource Packet includes organizations and publications that can assist in the DVBE search. The Resource Packet is available both on-line and in paper.
- The OSBCR recently took over administration of



the DVBE Utilization Plan, an alternative method prime bidders can use to achieve DVBE participation. In this new role, the OSBCR redesigned the DVBE Utilization Plan application, creating a much easier to use docu-

ment. The new DVBE Utilization Plan is available on-line and in paper.

- The OSBCR conducts State Agency Training at different locations throughout the state. The training is specifically designed for state contracting officials and includes detailed instructions on how to increase DVBE participation in state contracting.
- OSBCR conducts Business Community Training, offered monthly in various communities throughout the state where businesses come together for a 2-day seminar to learn more about how to participate effectively in the state contracting process.
- OSBCR conducts monthly Business Community Workshops, no-cost meetings in Sacramento, designed to give business community attendees an overview of state contracting programs, including where to find DVBEs.
- The Department of General Services and the OSBCR sponsor and host the Business Expansion Council to inform state contracting and purchas-

ing officials about state contracting issues, including DVBE participation.

- The OSBCR attends various conferences and tradeshows to present the opportunity for DVBE certification and participation.
- The OSBCR publishes *Your Business Guide to State Contracting*, designed to help businesses understand and participate in state contracting opportunities.

FUTURE PLANS FOR IMPROVING DVBE PARTICIPATION

The Department of General Services is committed to meeting DVBE goals in all contracts.

It continues to search for innovative ways to make DVBE information available to both prime bidders and state agencies, as well as reaching out to the DVBE community to increase the number of certified DVBEs.

- Beginning July 1, 1999, DVBE participation monitoring was changed from annual to quarterly. OSBCR believes that quarterly monitoring will allow agencies to better regulate their DVBE participation.
- Early 2000, the OSBCR will begin publication of a quarterly newsletter to state contracting and purchasing officials. An important part of that newsletter will be tips for increasing DVBE participation.
- Assembly Bill 409 (Chapter 767, Statutes of 1999) requires the Department of Veterans Affairs to appoint an advocate who will work with agencies and potential DVBEs to help attain the state's DVBE participation goals. The OSBCR will work with the advocate to produce a state-wide DVBE participation report.
- In Fiscal Year 1999/2000, OSBCR is increasing its outreach to the DVBE community through attendance at conferences and other DVBE events.

Department of General Services DVBE PARTICIPATION

State agencies report their fiscal year participation data annually to the Governor and the Legislature.

Agencies are required to report DVBE participation on the following contract categories:

- All contracts
- Contracts under \$25,000
- By contract category
(commodity, service and construction)

The numbers shown in the following reports were compiled by the OSBCR based on annual reports submitted by each DGS office.

DVBE PARTICIPATION

Disabled Veteran Business Enterprise

ALL CONTRACTS

By Department of General Services
FY 98/99

Office	Total Contract Dollars	Disabled Veteran Contract Dollars	Office Disabled Veteran %
DGS - ADMINISTRATIVE HEARINGS	\$3,183,683	\$0	0.0%
DGS - STATE ARCHITECT	\$2,031,970	\$0	0.0%
DGS - EXECUTIVE OFFICE	\$2,003,460	\$0	0.0%
DGS - FISCAL SERVICES	\$1,567,585	\$0	0.0%
DGS - FLEET ADMINISTRATION	\$4,943,775	\$10,302	0.2%
DGS - HUMAN RESOURCES	\$187,113	\$124	0.1%
DGS - LEGAL SERVICES	\$117,334	\$0	0.0%
DGS - PROCUREMENT	\$320,268,246	\$3,333,540	1.0%
DGS - PUBLIC SCHOOL CONST.	\$591,157	\$0	0.0%
DGS - REAL ESTATE SERVICES	\$205,620,898	\$1,891,177	0.9%
DGS - STATE PUBLISHING	\$24,190,555	\$0	0.0%
DGS - RISK & INSURANCE MGT	\$599,745	\$706	0.1%
DGS - SMALL BUSINESS CERT.	\$484,776	\$1,326	0.3%
DEPARTMENT SUB TOTALS	\$565,790,297	\$5,237,175	0.9%
DGS - TELECOMMUNICATION	\$8,660,856	N/A	0.0%
DEPARTMENT TOTALS	\$574,451,153	\$5,237,175	0.9%

Disabled Veteran Business Enterprise

CONTRACTS UNDER \$25,000

By Department of General Services
FY 98/99

Office	Total Contract Dollars	Disabled Veteran Contract Dollars	Office Disabled Veteran %
DGS - ADMINISTRATIVE HEARINGS	\$1,216,908	\$0	0.0%
DGS - STATE ARCHITECT	\$2,031,970	\$0	0.0%
DGS - EXECUTIVE OFFICE	\$969,012	\$0	0.0%
DGS - FISCAL SERVICES	\$1,567,585	\$0	0.0%
DGS - FLEET ADMINISTRATION	\$4,119,224	\$10,302	0.3%
DGS - HUMAN RESOURCES	\$121,269	\$124	0.1%
DGS - LEGAL SERVICES	\$61,266	\$0	0.0%
DGS - PROCUREMENT	\$552,948	\$169,088	30.6%
DGS - PUBLIC SCHOOL CONST.	\$210,408	\$0	0.0%
DGS - REAL ESTATE SERVICES	\$1,148,765	\$29,786	2.6%
DGS - STATE PUBLISHING	\$11,327,399	\$0	0.0%
DGS - RISK & INSURANCE MGT	\$423,182	\$0	0.0%
DGS - SMALL BUSINESS CERT.	\$327,798	\$1,326	0.4%
DEPARTMENT SUB TOTALS	\$24,077,734	\$210,626	0.9%
DGS - TELECOMMUNICATION	N/A	N/A	N/A
DEPARTMENT TOTALS	\$24,077,734	\$210,626	0.9%

DVBE PARTICIPATION BY CONTRACT CATEGORIES
(COMMODITY, SERVICE, CONSTRUCTION)

Disabled Veteran Business Enterprise
All Contracts
FY 98/99

Department	Commodity		Service		Construction	
	Total Contract Dollars	Disabled Veteran Contract Dollars	Total Contract Dollars	Disabled Veteran Contract Dollars	Total Contract Dollars	Disabled Veteran Contract Dollars
DGS - Administrative Hearing	\$396,366	\$0	\$2,787,317	\$0	\$0	\$0
DGS - Architect, Division of the	\$263,948	\$0	\$1,467,646	\$0	\$300,376	\$0
DGS - Executive Office	\$880,856	\$0	\$1,122,604	\$0	\$0	\$0
DGS - Fiscal Services	\$107,923	\$0	\$1,459,662	\$0	\$0	\$0
DGS - Fleet Administration	\$1,365,165	\$4,775	\$3,518,549	\$5,529	\$60,061	\$0
DGS - Human Resources	\$80,506	\$0	\$106,607	\$124	\$0	\$0
DGS - Legal Services	\$50,138	\$0	\$67,196	\$0	\$0	\$0
DGS - Procurement	\$0	\$0	\$0	\$0	\$0	\$0
DGS - Public School Const	\$229,005	\$0	\$362,152	\$0	\$0	\$0
DGS - Real Estate Services	\$1,457,562	\$0	\$14,721,814	\$189,342	\$56,986,441	\$1,701,835
DGS - State Publishing	\$18,405,453	\$0	\$5,575,068	\$0	\$0	\$0
DGS - Risk & Insurance Mgt	\$162,746	\$0	\$436,999	\$706	\$0	\$0
DGS - Small Business Cert.	\$74,451	\$0	\$217,699	\$1,326	\$0	\$0
DGS - Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$23,474,119	\$4,775	\$31,843,313	\$197,027	\$57,346,878	\$1,701,835

Disabled Veteran Business Enterprise
Contracts Under \$25,000
Department of General Services
FY 98/99

Department	Commodity			Service			Construction		
	Total Contract Dollars	Disabled Veteran Contract Dollars	Office DV %	Total Contract Dollars	Disabled Veteran Contract Dollars	Office DV %	Total Contract Dollars	Disabled Veteran Contract Dollars	Office DV %
Administrative Hearing	\$396,366	\$0	0.0%	\$820,542	\$0	0.0%	\$0	\$0	0.0%
State Architect	\$263,948	\$0	0.0%	\$1,467,646	\$0	0.0%	\$300,376	\$0	0.0%
Executive Office	\$802,819	\$0	0.0%	\$166,193	\$0	0.0%	\$0	\$0	0.0%
Fiscal Services	\$107,923	\$0	0.0%	\$1,459,662	\$0	0.0%	\$0	\$0	0.0%
Fleet Administration	\$1,365,165	\$4,775	0.3%	\$2,754,059	\$5,527	0.2%	\$0	\$0	0.0%
Human Resources	\$80,506	\$0	0.0%	\$40,763	\$124	0.3%	\$0	\$0	0.0%
Legal Services	\$50,138	\$0	0.0%	\$11,128	\$0	0.0%	\$0	\$0	0.0%
Procurement	\$552,948	\$169,088	30.6%	\$0	\$0	0.0%	\$0	\$0	0.0%
Public School Const.	\$161,952	\$0	0.0%	\$48,456	\$0	0.0%	\$0	\$0	0.0%
Real Estate Services	\$68,059	\$0	0.0%	\$547,939	\$17,603	3.2%	\$532,767	\$12,183	2.3%
State Publishing	\$11,105,275	\$0	0.0%	\$222,124	\$0	0.0%	\$0	\$0	0.0%
Risk & Insurance Mgmt.	\$162,746	\$0	0.0%	\$260,436	\$0	0.0%	\$0	\$0	0.0%
Small Business Cert.	\$74,451	\$0	0.0%	\$253,347	\$1,326	0.5%	\$0	\$0	0.0%
Telecommunications	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%
Department Totals by Contract Type	\$15,192,296	\$173,863	1.1%	\$8,052,295	\$24,580	0.3%	\$833,143	\$12,183	1.5%